

**Office of the  
Commissioner of Higher  
Education**

We performed a financial-compliance audit of the Office of the Commissioner of Higher Education (OCHE) for the two fiscal years ended June 30, 2005. The prior audit report contained three recommendations. OCHE implemented all three recommendations. The two recommendations in this report relate to compliance with state laws.

We issued an unqualified opinion on the financial schedules contained in this report. This means the reader may rely on the information presented in the financial schedules and the supporting information on the state's accounting system.

The listing below serves as a means of summarizing the recommendations contained in the report, the department's response thereto, and a reference to the supporting comments.

Recommendation #1

We recommend the commissioner's office:

- A. Record indirect costs recovered from the federal awards to the appropriate fund and account, in accordance with state law.
- B. Reimburse the state's General Fund for the \$756,060 in indirect cost recoveries improperly recorded to the Federal Special Revenue Fund. .... 7

Office Response: Concur. See page B-4

Recommendation #2

We recommend the commissioner's office cease recording financial activity in university Designated Subfunds..... 8

Office Response: Concur. See page B-4